GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:647
ANSWERED ON:18.11.2016
Frauds/Irregularities by Companies
Gawali (Patil) Ms. Bhavana;Kachhadia Shri Naranbhai;Mahajan Smt. Poonam ;Sathyabama Smt. V.;Senthilnathan Shri PR.;Tumane Shri Krupal Balaji

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether cases related to corporate frauds have come to the light in the country in recent years, if so, the details of such cases reported during each of the last three years and the current year along with the action taken thereon;

(b) whether the Government has ordered investigation into the affairs of some companies through Serious Fraud Investigation Office (SFIO) during the said period;

(c) if so, the details and present status thereof along with the number of cases disposed off by the SFIO and the success/ conviction rate therein, company/ case-wise;

(d) the total amount restored and given back to the affected customers during the said period;

(e) the expenditure incurred in the functioning of SFIO during the said period along with the measures taken by the Government to expedite the investigation process; and

(f) the further measures taken by the Government to strengthen the SFIO, new vigilance system and amendment in relevant laws to check frauds/ irregularities by the companies?

Answer

THE MINISTER OF STATE IN THE (SHRI ARJUN RAM MEGHWAL)
MINISTRY OF CORPORATE AFFAIRS

(a) & (b) Year-wise details of the investigations ordered through the Serious Fraud Investigation Office (SFIO) during the last three years and the current year, are at Annexure −I.
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(c) During the last three years and in the current year, SFIO has filed 258 prosecutions in various Courts. In this period, 163 number of cases have been disposed off by the courts, of which there has been successful conviction in 77 cases wherein punishment including imprisonment to directors as well as of fines have been imposed.

(d) The mandate under the Companies Act, is to conduct investigation, find out the violations of Companies Act, 1956 and take penal action for appropriate punishment provided under the Companies Act, 1956.

(e) Details of expenditure incurred on the functioning of SFIO during the last three years and the current year are as under:

Year Amount (in crore)
2013-14 9.25
2014-15 9.84
2015-16 10.18
2016-17 (till date) 8.91

(f) The Government has taken various measures to strengthen the SFIO to check fraud/ irregularities by companies, including:

(i) the term "Fraud" has been defined in the Companies Act, 2013;

(ii) Statutory status to the Serious Fraud Investigation Office (SFIO);

(iii) Increasing application of technology for early detection of frauds through data mining and Forensic Audit, etc.

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